



SISON CORILLO PARONE & Co.

ACCOUNTANTS • CONSULTANTS

(AN ALLIANCE FIRM OF MOORES ROWLAND ASIA PACIFIC)

How to Start a Business in the Philippines

A publication by

Sison Corillo Parone & Co.

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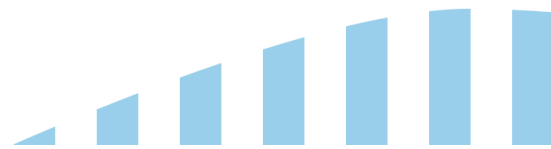


TABLE OF CONTENTS

Preface	4
Reader's Guide	5
Philippine at a Glance	6
<i>Socio- Cultural Environment</i>	7
Why Invest in the Philippines?	8
What are the potential and growing industries in the Philippines?	8
What are the main considerations in establishing a company in the Philippines?	9
What are the forms of business organization?	11
Where do I register my business?	13
What is Foreign Investment Act of 1991 (FIA)?	18
How Can Foreigners Enter the Philippines?	19
What Foreign Investors Should Know	20
What are the possible Legal Entities of Foreign Investment?	23
What Companies can be registered in Board of Investments (BOI)?	23
What are the Incentives of BOI?	23
What is Philippine Investment Priorities Plan (IPP)?	24
What Companies Can be registered in Philippine Economic Zone Authority (PEZA)?	24
What are the Incentives Under PEZA?	
What is Tourism Act of 2009?	25
What are the incentives under the Tourism Act of 2009?	25
How much time is an investor allowed to start a project?	26

Bangko Sentral ng Pilipinas	27
What are the Basic Taxes that a Company Should Comply?	27
<i>What is the Income Tax Rate of the Company and Individual?</i>	27
Royalties and Technical Service Agreements	30
<i>Is there any public offering of stocks or corporate Shares in the Philippines?</i>	30
Considerations	31
SCP Offices	33



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PREFACE

Almost every day, we received inquiries about setting up business in the Philippines through our website or directly through my email. Below is a sample inquiry.

“I am Mr. Bhan From Hatuan Corporation (names changed) which is a manufacturer of generator and agricultural equipment in Vietnam. I want to open 100% Foreign Equity Company – a branch office in Philippines next year. Can you send some regulations in the Philippines, legal requirements, minimum equity or company scale?” or “We are considering to setup a company in the Philippines,. Would you please share us your services for the above and your charging fee for incorporation, secretarial, accounting and tax filing, virtual office, etc.? –Caroline.”

This publication was made to address the common concerns of foreign and local investors, not only in the business formation or incorporation but also the statutory requirements to comply afterwards. It further aims to provide background information for setting up and running a business in the Philippines, in compliance with current local legislation. It is written in general terms and is not intended to be comprehensive.

For a more detailed information, you can contact me personally at nusison2@scp-ph.com. I am very much willing to answer your queries.

Neil U. Sison

Partner

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READER'S GUIDE:

Who should read this guide?

Any company, whether domestic or foreign, Filipinos or otherwise, who wish to invest in the Philippines which set-up would either be a domestic corporation, or 100% foreign corporation or branch office of a foreign entity or other types of business set-up. Further, this is also helpful to those foreign nationals who would also want to work in the Philippines within a specified period of time or otherwise and who would as well desire to stay in the Philippines for good.

What is the scope of this publication?

This guide provides the legal requirements and the mandatory statutory requirements in registering any type of business here in the Philippines. This also includes the taxes involved in the Philippines whether owned by domestic or foreign nationals with interests in the business to be established. The most common concerns are included; however, it is not practical to discuss every scenario and/or concerns in detail within this format. If you need additional information, we can provide you with details on any further concerns.

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PHILIPPINES AT A GLANCE

Land Area: 300,000 square kilometers

Population: Over 100 million, with 1.8% annual increase rate

Capital City: Metro Manila (17 Connected cities in whole Metro Manila)

Political Structure: Democratic Presidential

National Language: Filipino

Official Language: English

Labor force: 64.8 million as of April 2015

Main Industries: Electronics assembly, business process outsourcing, garments, shipbuilding, footwear, pharmaceutical, chemicals wood products, food processing, petroleum refining and fishing

Currency: Philippine Peso

US Dollar Exchange Rate: USD1=Php45 (average)

Commercial bank lending rates: 5.81%

Recent Economic Performance

- GNP Growth rate of 5.8% in 2014
- GDP Growth rate of 6.1% in 2014 and 5.6% in first half of 2015
- GDP per capita: USD2,828 in 2014
- GDP Per Sector in 2014: 10% agriculture, 33% industry and 57% services
- Inflation rate: 4.2% in 2014
- Population: 101,802,706 for 2015 with 1.73% yearly change.

Significant labor and social legislations:

A. *Hours of Work:* Eight hours per day or 40 hours per week is the minimum period an employee may be required to work at his regular rate of pay.

B. *Holidays:* There are a total of 10 regular holidays, 7 non-working holidays and additional national holidays as maybe declared by the government.

C. *Salary and Wage-Related Benefits*

- At least a minimum wage in the region/sector (different regions have different wage rates)
- Holiday pay
- Premium pay for work within 8 hours on a special holiday or rest day
- Overtime pay for work in excess of 8 hours
- Night shift differential pay (10pm to 6pm work hours)
- Service incentive leave: 5 days with pay per year of service
- 13th month pay
- Paternity leave
- Separation or Retirement pay

SOCIO-CULTURAL ENVIRONMENT

Population

Filipinos are mostly of Indo-Malay, Chinese, and Spanish lineage.

The country registered a total population of 100 million with annual growth rate of 1.82% this is projected to reach approximately 103 million by 2015 based on the latest average annual exponential growth rate released by the National Statistical Coordination Board (NSCB). About 65% of the population is ages 15 years or above.

Summary of Population as of 2010:

REGION	POPULATION
National Capital Region (NCR)	11,855,975
Cordillera Administrative Region (CAR)	1,616,867
I - Ilocos Region	4,748,372
II - Cagayan Valley	3,229,163
III - Central Luzon	10,137,737
IVA – CALABARZON	12,609,803
IVB - MIMAROPA	2,744,671
V - Bicol Region	5,420,411
VI - Western Visayas	7,102,438
VII - Central Visayas	6,800,180
VIII - Eastern Visayas	4,101,322
IX - Zamboanga Peninsula	3,407,353
X - Northern Mindanao	4,297,323
XI - Davao Region	4,468,563
XII - SOCCSKSARGEN	4,109,571
XIII - Caraga	2,429,224
Autonomous Region in Muslim (ARMM)	3,256,140
TOTAL POPULATION	92,335,113

Labor force

About 64.4% of the total population is of working age. Of which, 93.2% are employed. There are millions enter the labor force every year.

Language and Dialect

Most Filipinos are bilingual, speaking English and Filipino which are the official languages. There are 168 dialects within the Philippines or native languages like Ilocano or Cebuano. Few of the population speak Chinese.

Religion

About 83% of the population are Roman Catholics, 12% are Protestants or members of other Christian denominations (total of 95% Christians) and 5% are Muslims mostly in Mindanao.

Education

Free education at the primary and secondary levels maintains the literacy rate of 92.3%. MBA is also one of the key post graduate studies in the Philippines.

WHY SHOULD I INVEST IN THE PHILIPPINES?

1. One of the Fastest Growing Economy

The Philippine economy has been growing steadily over decades and the International Monetary Fund in 2014, reported it as the 39th largest economy in the world. The Philippines is an emerging market or newly industrialized country.

In the years 2012 and 2013, the Philippines posted high GDP growth rates, reaching 6.8% in 2012 and 7.2% in 2013, the highest GDP growth rates in Asia for the first two quarters of 2013.

2. Strategic Location

Philippines is reachable within 4 hours by plane from key cities such as Japan, Korea, China, Singapore, Taiwan, Thailand, Indonesia.

3. Quality Human Resources

- a. Pool of world-class English proficiency with capability for Asian languages
- b. Fast Learning curve on technical skills
- c. Long tradition of excellence in the profession
- d. Strong work ethics and customer satisfaction
- e. Universal cultural adaptation

4. Hospitable Lifestyle

- a. Friendly people
- b. Value for money housing
- c. Modern recreational facilities
- d. First rate educational institutions and international schools

5. Investment Incentives

Investors get incentives that include tax holidays, not only for income tax but other taxes as well. Other non-financial incentives are provided.

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WHAT ARE THE POTENTIAL AND GROWING INDUSTRIES IN THE PHILIPPINES?

The Industries Specifically Identified or Growing are

1. Business Process Outsourcing (BPO).
2. Tourism
3. Courier Service
4. Health & Wellness and Retirement Services
5. Electronics
6. Agribusiness
7. Mining
8. Vehicle Manufacturing

Key Industries

Philippines agricultural products are rice, corn, coconut, sugar, bananas, mangoes, and pineapple. *Being rich in mineral resources such as gold and copper the mining in the Philippines is one of the potential industries. Other key industries include Energy, Utilities, Manufacturing, Construction, Transportation, communications, and storage and Banking and finance.*

Services, in general

The export of consultancy services is one area where the Philippines is considered to have a competitive advantage.

Service areas include (a) information technology (IT); (b) computer software services (customized software consultancy, contract programming/training, documentation services, systems integration, and data entry/data processing services); (c) consultancy engineering (infrastructure and industrial development projects in power, transportation, telecommunications, water supply, oil, gas and petrochemicals, industrial estates, and processing plants); and (d) contracting services.

Wage rate (Daily Minimum Wage Rates)

The Wage rate varies in different region of the Philippines. Below are the wage rates per region:

Region	(Php) MWR
National Capital Region (NCR)	444- 481
Cordillera Administrative Region (CAR)	255- 285
I - Ilocos Region	213- 253
II - Cagayan Valley	219. - 255
III - Central Luzon	228. - 349
IVA – CALABARZON	219 - 362
IVB - MIMAROPA	210 - 280
V - Bicol Region	236- 260
VI - Western Visayas	256- 298
VII - Central Visayas	275- 353
VIII - Eastern Visayas	235 - 262
IX - Zamboanga Peninsula	235- 280
X - Northern Mindanao	291- 318
XI - Davao Region	286- 317
XII - SOCCSKSARGEN	255- 275
XIII - Caraga	248- 268
Autonomous Region in Muslim (ARMM)	250

Growing Business Locations

The following in the growing business location are the urban centers in Metro Cebu, Davao City, Calabarzon, Iligan-Cagayan De Oro, Subic, General Santos and Clark.

Opportunities for business locations are also given in the following cities with high number of population:

Key Cities	Population
Quezon City	2,761,720
City of Manila	1,652,171
City of Caloocan	1,489,040
City of Pasig	669,773
City of Taguig	644,473
City of Parañaque	558,126
City of Las piñas	552,573
City of Makati	529,039
City of Muntinlupa	459,941
City of Marikina	424,150
Cavite	3,090,691
Bulacan	2,924,433
Pangasinan	2,779,862
Cebu	2,612,362
Rizal	2,484,840
Camarines Sur	1,822,371
Leyte	1,567,984
Isabela	1,489,645
Davao del Sur (Davao City)	1,449,296
Bukidnon	1,299,192

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WHEN I ESTABLISH A COMPANY IN THE PHILIPPINES, WHAT ARE THE MAIN CONSIDERATIONS?

Each of these considerations will be discussed in the succeeding sections.

A. Registering a Business

1. Form of business organization
2. Registration requirements
3. Capital required
4. Setup costs

B. Maintaining a Business

5. Tax Rules
6. Tax Incentives
7. Regular reportorial requirements
8. Cost of Maintaining a startup operations

WHAT ARE THE FORMS OF BUSINESS ORGANIZATION?

The usual forms of business organizations are the following:

- Sole Proprietorship;
- Partnership;
- Corporation; and
- Branch of foreign corporations thru: representative office, regional or area Headquarters (RHQ), Regional Operating Headquarters (ROHQ), and branch office.

There are other well-known forms of business organization which includes the limited partnership, joint venture and the associations.

What is Sole Proprietorship?

The sole proprietorship is a business registered by an individual. Its business liabilities extend to the personal assets of the owner, meaning, if the business liabilities are not paid, the creditors can run after the personal assets of the owner. It is mostly small scale enterprises commonly a service or retail trading. Foreign investors are permitted to establish sole proprietorship business as long as the applicable laws of the land are observed.

What is Partnership?

The partnership is composed of two or more individuals contributing money, property, expertise as well as ideas and other things of value putting them together into a common fund with the intention of dividing the profit among them. It has a separate legal personality from its partners. However, partnership business liabilities extend to the personal assets of the partners. A partnership may either be general or limited.

What is a Corporation?

Generally, the corporation is the most preferred business set-up in the Philippines. A corporation is required a minimum of 5 but not more than 15 incorporators, majority of whom must be Philippine residents. The corporation has a separate and distinct legal personality from its owner-stockholders, whose liability under the laws is limited to their

contributed share capital. A corporation is categorized either as a) domestic if created under Philippine laws, and b) foreign, if formed in the country where it resides. depending upon the company's business objectives and expansion strategy.

THE TYPE OF CORPORATION MAY BE SETUP

What is a Representative or Liaison Office?

This business set-up does not generate any revenue or income for the corporation. The representative office can only undertake information dissemination, promote the parent company's products, and provide quality control of the products. The office should secure an initial inward remittance in the amount of US \$30,000 as one of the requirements in securing license from the Securities and Exchange Commission (SEC). Every year thereafter, the head office must remit the same amount to cover operating expenses of the office.

What is the difference between Regional or Area Headquarters (RHQ) and Regional Operating Headquarters (ROHQ)?

RHQ is defined as any foreign business entity formed, organized, and existing under any laws other than those of the Philippines whose purpose is to supervise, coordinate and communicate center to its affiliates and cannot derive income in the Philippines. Meanwhile, ROHQ mean a branch established in the Philippines by multinational companies, which can earn or derive income from the Philippines.

ROHQ can engage in any of the following income-generating services: general administration and planning; business planning and coordination; sourcing and procurement of raw materials and components; corporate finance advisory services; marketing control and sales promotion; training and personnel management; logistics services; research and development services and product development; technical support and maintenance; data processing and communications; and business development.

What is a Branch Office of a foreign company?

An establishment in the Philippines, which carries out the business activities of the head office. It may derive income within and outside of the Philippines. The foreign corporation's head office must prove its legal existence in its country of origin, its financial soundness, and its authorization to set-up a branch office in the Philippines.

WHERE DO I REGISTER MY BUSINESS?

Each business should also be registered with the following agencies:

1. **Securities and Exchange Commission (SEC).** As a mandatory requirement to start the business, partnerships and corporations, should be registered with the SEC. Sole Proprietors should be registered with the *Department of Trade and Industry* (DTI).

Registration Requirements:

- a. Name Verification Slip (Company Name Reservation)
- b. Treasurer's Affidavit (appointed treasurer of the Company for bank deposit of the paid-up capital)
- c. Name of Incorporators
- d. Nationalities and residences of incorporators
- e. Authorized Capital, paid-up, shares of Incorporators
- f. Appointment of Corporate Secretary
- g. Articles of Incorporation and By-Laws

Processing with SEC, when all the documents are submitted completely will take at least 10 working days.

2. **Bureau of Internal Revenue (BIR).** To avoid penalties, each business should register with the "taxman" and obtain the following documents afterwards:
 - a) Certificate of Registration
 - b) Payment form
 - c) Sales invoices and/or official receipts
 - d) Books of Accounts
 - e) Ask for Receipt (Orange plate)

Registration Requirements:

- a) SEC Certificate
- b) Articles of Incorporation and By-Laws
- c) Application of Certificate of Registration (COR)
- d) Payment of Documentary Stamp Tax, depends on the authorized capital of the company
- e) Processing of Authority to Print
- f) Printing of Official Receipt
- g) Registration Fee

3. **Local government (City/Municipal).** Registration, license and permits are required and to be obtained from the barangay and city/municipal where the office is situated. Certain documentary requirements will be asked during application.

Registration Requirements:

- a) SEC Certificate
- b) Articles of Incorporation and By-Laws
- c) Contract of Lease of the Office
- d) BIR (COR)
- e) Assessment form for payment of the business permit usually depends on the office area
- f) Barangay Clearance
- g) Community Tax Certificate (CTC), depends on the authorized capital of the company
- h) Sanitary permit

- i) Fire Clearance

4. **Social Security System (SSS)**
5. **Home Development Mutual Fund (Pag-ibig)**
6. **Philippine Health Insurance (PhilHealth)**

Common Registration Requirements

- a) SEC Certificate
- b) Company designated signatories
- c) White and blue card to be signed by the designated company signatory
- d) Specific forms with declaration of employees, if letter is already existing.

If the business is export-oriented and located in an export-zone, the Company should register with the Philippine Export Zone Authority (PEZA) (www.peza.gov.ph) to avail of tax incentives.

Depending on the nature of business, some industries are required to register in other government agencies such as Bureau of Customs, Department of Environment and Natural Resources, Department of Health, Department of Energy or any applicable government agency.

What are the registration requirements, procedures and timetable?

Each government agency has its own procedure and documentary requirements. Please visit their websites:

1. Securities and Exchange Commission (www.sec.gov.ph)
2. Department of Trade and Industry (www.dti.gov.ph)
3. Local Government Unit (LGU). There are various LGUs and the following are the common ones (please email us at scp@scp-ph.com for other cities):
 - a. Makati City (www.makati.gov.ph)
 - b. Taguig City (www.taguig.gov.ph)
 - c. Pasig City (www.pasigcity.gov.ph)
 - d. Quezon City (www.quezoncity.gov.ph)
 - e. Manila City (www.manila.gov.ph)
4. Bureau of Internal Revenue (BIR) (www.bir.gov.ph)
5. Home Development Mutual Fund (Pag-ibig) (www.pagibigfund.gov.ph)
6. Philippine Health Insurance (PhilHealth) (www.philhealth.gov.ph)

Timetable: Assuming the submission of complete set of documents, it will take at least 1-2 months to process all the six (6) basic registrations.

What are the Capital and Other Requirements for each type of business?

1. Foreign owned domestic corporation (foreign wholly-owned or more than 40% ownership), who wants to engage in domestic market enterprise (B-to-B) should have the following:
 - a. USD200,000 capital deposited in a local bank. The paid up capital requirement is reduced to US \$100,000 for domestic market enterprises whose activities involve advanced technology or which employ at least 50 direct Filipino employees.
 - b. At least 5 incorporators or shareholders.
 - c. At least 5 directors (can be the same as incorporators), majority of which should be residents of the Philippines;
 - d. President/CEO;
 - e. Treasurer;
 - f. Corporate Secretary (must be Filipino citizen and a resident of the Philippines)

2. Foreign owned domestic corporation (foreign wholly-owned or more than 40% ownership), who wants to engage in export market enterprise. It should have the following:
 - a. Php5,000 capital deposited in a local bank
 - b. At least 5 incorporators or shareholders.
 - c. At least 5 directors (can be the same as incorporators), majority of which should be residents of the Philippines.
 - d. President/CEO
 - e. Treasurer
 - f. Corporate Secretary (must be Filipino citizen and a resident of the Philippines)
3. Branch of a Foreign corporation (or ROHQ), who wants to engage in domestic business market enterprise (B-to-B). It should have the following:
 - a. USD200,000 capital deposited in a local bank
 - b. Resident agent (a resident of the Philippines)
4. Branch of Foreign corporation who wants to engage in export market enterprise. It should have the following:
 - a. Php5,000 capital deposited in a local bank
 - b. Resident agent (a resident of the Philippines)
5. Foreign Branch representative office, which does not engage in domestic market. It should have the following:
 - a. USD30,000 capital deposited in a local bank
 - b. Resident agent (a resident of the Philippines)
6. Regional Headquarters (RHQ), which does not engage in domestic market. It should have the following:
 - a. USD50,000 capital deposited in a local bank
 - b. Resident agent (a resident of the Philippines)
7. Regional Operating Headquarters (ROHQ) who wants to engage in export market enterprise. It should have the following:
 - a. USD200,000 capital deposited in a local bank
 - b. Resident agent (a resident of the Philippines)
8. Domestic corporation (less than 40% foreign ownership), who wants to engage in domestic market. It should have the following:
 - a. Php5,000 capital deposited in a local bank
 - b. At least 5 incorporators or shareholders.
 - c. At least 5 directors (can be the same as incorporators), majority of which should be residents of the Philippines.
 - d. President/CEO
 - e. Treasurer
 - f. Corporate Secretary

What are the other industries with Minimum Capital?

Foreign owned-company engaging in retail trade in the Philippines must have a minimum capital of USD 2,500,000 (under Rules of Retail Trade Liberalization Act of 2000). Please contact us (scp@scp-ph.com) if you need more information on Rules of Retail Trade Liberalization Act of 2000.

For other industries, which requires minimum capital, please visit <http://www.sec.gov.ph/gsr/primary/minpdup.html>

What Is The Estimated Set-up Costs?

Investors in the Philippines would normally hire professional consultants like us to assist them in the registration process with the six (6) government agencies.

For example a company with USD 200,000 capital required, the estimated setup costs (excluding rental and improvements and other office set-up expenses) is:

Description	PHP	USD (\$1: P45)
Capital	9,000,000	200,000
SEC Filing fees	20,000	445
LGU Licenses and permits	20,000	445
BIR registration and taxes	10,000	222
Professional fee set-up costs	90,000	2,000
Miscellaneous	10,000	222
Total	9,150,000	203,333

The above estimates do not include registration for special companies in PEZA, BOI and other applicable government agencies.

What are your tips in Registering a Business?

There are important tips to consider:

1. Ask a reliable tax consultant. It is usually better to do this before finalizing the form of organization. This is usually a separate professional fee, (about \$500) in addition to professional fees for business registrations.
2. Finalize your lease contract for the office address. Metro Manila is composed of 17 cities and each city has different registration. If you move to another city, all registration papers will be re-processed as it is if registering a new business.
3. For convenience, get a bank near your office address. Normally, the first step is to deposit your paid-up capital in the bank.
4. Have all foreign source documents “notarized” or “consularized” by the Philippine embassy in your country. These documents include copy of articles of incorporation, financial reports, passports, affidavits, and other legal documents.
5. To avoid penalties, once the SEC Certificate is obtained, the filing of application with other government agencies should be done within 30 days.

What are the other considerations in maintaining a business?

Maintaining a business would normally require statutory compliance with the following government agencies:

1. Securities and Exchange Commission (SEC)
2. Department of Trade and Industry (DTI) for sole proprietors
3. Local Government Unit (LGU).
4. Bureau of Internal Revenue (BIR)
5. Home Development Mutual Fund (Pag-ibig)
6. Philippine Health Insurance (PhilHealth)
7. Social Security System (SSS)

Penalties are imposed for each non-compliance, including administrative and civil liabilities.

What are the reportorial requirements with the SEC?

There are only few requirements:

1. Copy of audited financial statements (AFS) with marked “received” by the BIR. Companies that earn more than Php 150,000 in gross revenues per quarter must be audited.
2. General Information Sheet (GIS) which is submitted within 30 days after the date of the annual meeting of the company
3. General Form Financial Statements (GFFS) or Special Form Financial Statements (SFFS) in hard and soft copies for companies earning more than Php10 million per year.

For details of these requirements, please visit the SEC Citizens Charter at http://www.sec.gov.ph/cmanual/SEC_Citizen's_Charter_as_of_20141223.pdf

What are the reportorial requirements with the Local Government Units?

The Company should secure annual permits from Barangay to the City/Municipal Level. Requirements include payment of local business taxes, real property tax, business licenses and permits.

Annual local business tax is set at a maximum of 2-3% of gross sales of the previous year. Companies are usually assessed annually but it can pay on a quarterly basis. Deadline is usually one the 20th of January.

What are the reportorial requirements with the BIR?

BIR has the most number of reportorial requirements either monthly, quarterly and annually. These requirements include:

a. Annual

- Annual Registration Fee
- Audited Financial Statements, together with Statement of Management Responsibility
- Income tax Returns
- Books of accounts registration
- Inventory lists
- Alphabetical List of Employees and Withholding Tax on Compensation
- Alphabetical List of Expanded Withholding Taxes

b. Quarterly

- Income tax Returns
- Value Added Tax Returns
- Summary List of Sales
- Summary List of Purchases
- Summary List of Importations
- Fringe Benefits Tax returns, if applicable
- Summary of Alphabetical List of Withholding Agents subjected to Tax Withheld at source (SAWT)

c. Monthly

- Expanded Withholding Tax Returns

- Withholding Tax on Compensation Returns
- Final Tax returns, if applicable
- Monthly Alphabetical List of Payees (MAP)
- Summary of Alphabetical List of Withholding Agents subjected to Tax Withheld at source (SAWT), if applicable

The BIR has its own software (EBIR Forms) which contains tax forms that can be submitted online. Payment is still manual with accredited bank.

Submissions (using electronic filing and payment System –PFPS) including filing and payment can be done online with some accredited banks.

Penalties are imposed for each non-compliance, including administrative, civil and even criminal penalties.

What is the annual estimated cost to maintain an office with limited transactions?

A business would only reach full operations 2-3 years after setup. A start-up Business with limited transactions would normally rent a virtual or shared office, outsource to professionals its regulatory compliance and reporting.

The annual costs involve in maintaining a small office (with 1-2 personnel) follows:

Description	PHP	USD (\$ 1:-P45)
Licenses and permits	25,000	556
Corporate Secretarial (Php10,000/month)	120,000	2,667
LGU Licenses and permits	20,000	444
Directors fees (3 individuals are outsourced)	180,000	4,000
Bookkeeping fee (15,000/month + Annualization)	195,000	4,333
Tax Preparation and Filing (7,500/month + Annualization)	97,500	2,167
Payroll (3,000/month + Annualization)	39,000	866
Audit Fee	50,000	1,111
Total	726,500	16,144

Above costs do not include salaries and virtual office expenses.

WHAT IS FOREIGN INVESTMENT ACT OF 1991 (FIA)

This is to attract and promote investments from foreign individuals, partnerships and corporations. The maximum amount of foreign equity that is allowed in a company depends on the type of activity that the company is engaged in.

Are foreign investors allowed to own 100% of a business entity?

Foreign investors are allowed 100% foreign equity all areas of investment except financial institutions (whose liberalization was subject to certain conditions) and those included in the Tenth Regular Foreign Investment Negative List. This list includes:

- a. Mass media except recording, practice of licensed professions (subject to changes on effect of ASEAN Integration) retail trade with paid-up capital of less than USD2.5 million, cooperatives and small scale mining (no Foreign Ownership is allowed)
- b. Private radio communications network, private recruitment, Contractors for the construction and repair of locally funded public works except infrastructure/development projects covered by RA7718 and projects that are foreign-funded or assisted and required to undergo international competitive bidding, Contracts for the construction of defense-related structures (25% Foreign Ownership is allowed)
- c. Advertising (30% Foreign Ownership is allowed)
- d. Ownership of land, education institutions, operation and management of public utilities, contracts with government and GOCC (40% Foreign Ownership is allowed)
- e. Finance companies and investment houses (up to 60% Foreign equity)

List B - Areas that are security and defense related; those with adverse effects on health and morals; and for the protection of small-and-medium enterprises (domestic market enterprises with capital of less than USD200,000 and those which involve advance technology or employ at least 50 Filipinos, with paid-in capital of less than USD100,000)

What is the general policy of the government regarding foreign investments? Is this policy likely to change in the near future?

Government encourages foreign investments which will provide significant employment opportunities relative to the amount of the capital being invested, improve productivity of resources, increase volume and value of exports, and provide a foundation for the future development of the economy.

Investment-related rules have been liberalized to facilitate entry of foreign investments. This thrust is expected to continue.

Are investment incentives transferable?

In general, investment incentives are not transferable. However, investment incentives are attached to the registered project and subject to certain qualifications may be carried over from one owner to the next, at the discretion of the incentives giving body. Tax credit certificates may be transferred subject to certain conditions.

HOW CAN FOREIGNERS ENTER THE PHILIPPINES?

Who are allowed entry to the Philippines “visa free”? Who aren’t allowed?

Provided that they have passports valid for six (6) months beyond the considered period of stay in the country and a valid plane ticket for return journey to their country of origin or to the next country of destination; non restricted foreign nationals are aliens from countries where they are not required to secure a visa to enter in the Philippines for an initial period of 30days.

The period of stay would only be for 21 days only. However, the 21-day “visa-free” stay can be extended. If approved, the period of extension is up to 38 days. Should the visitor wish to extend more than 38 days; they should request for an additional stay of one (1) to two (2) months.

Non-restricted foreign nationals may also secure a visitor’s visa valid for fifty nine (59) days from the Philippine Embassy/Consulate located in the country of origin or residence.

However, for restricted foreign nationals such as nationals of Arab countries, communist states, former communist states, and India; are not allowed to visit the Philippines without a valid visitor’s visa issued by the Philippine Embassy/Consulate located in their country of origin or residence for a maximum period of 59 days.

Extension of stay for holders of Visitor’s Visa

The holders of Visitor’s Visa—regardless if they are non-restricted or restricted foreign nationals—may extend their stay (on a monthly basis or every two months) provided that their total authorized period of stay will not exceed for two years. (In the case of restricted nationals, their total aggregate stay is limited to only one year.)

Recently, the Bureau of Immigration (BI) of the Philippines, however, relaxed its policy on restricted nationals specifically on Indian and Chinese (Red Passports) nationals.

The foreign nationals with Red Passports are now allowed entry to the Philippines “visa free”, but limiting the stay for only 14 days. However, the stay may be extended for a period of seven (7) days subject to presentation by the foreign national of a valid outbound ticket to the next destination and passport valid for at least six months with entry visa or permanent resident visa in any of the following countries: United States of America; Japan; Australia; Canada; Singapore; Schengen; Singapore; and United Kingdom.

Should the foreign national wish to work in the country; necessary Alien Employment Permit and Working Visa are needed to be secured.

International Time

The Philippine time is eight hours ahead of Greenwich Mean Time (GMT) and thirteen hours ahead of US Eastern Standard Time (EST).

Business Hours

Basically, government and private offices are open from 8:00 am to 5:00 pm, Mondays to Fridays with lunch break from 12:00pm to 1:00pm.

On the other hand, those who are working on government agencies engaged in the delivery of critical frontline services and public transactions are encouraged to operate a six-day work week from 7:00am to 7:00pm; Mondays to Saturdays, continuously without lunch break.

Private offices are also open on Saturdays and generally; commercial banks transact business from 9:00am to 3:00pm and savings banks from 9:00am to 5:00pm Mondays to Fridays.

WHAT FOREIGN INVESTORS SHOULD KNOW?

How easily can work permits be obtained for expatriate executives?

Work permits and working visas can be easily obtained provided the requirements are complied with. Applications for Alien Employment Permits are filed with the Department of Labor and Employment (DOLE), while applications for working visas are filed with the Bureau of Immigration (BI). The Alien Employment Permit is required before aliens are granted working visas by the BI. Some of the documents required are:

- Duly Accomplished Application Form
- Photocopy of Passport with Visa
- Curriculum vitae;
- Contract of employment; and
- SEC Registration Certificate/License, Articles of Incorporation and By-Laws, and latest Mayor's Permit of the Philippine sponsoring company.

How easily can expatriate executives obtain clearances from the Philippines?

Aliens with working visas need not secure clearances from the BI every time they travel abroad. Aliens with working visa are issued Alien Certificate of Registration I-Card (ACR I-Card) which will allow them to freely travel abroad and return to the Philippines. Once issued with the ACR I-Card, they are required to pay the exit/airport clearance fees in the amount of Php2,170 every time they leave the Philippines.

May expatriate executives receive their compensation in foreign currencies?

Yes. They may receive their compensation in foreign currencies. However, this compensation will still be included in their Philippine taxable income, where such compensation is attributable to their Philippine based employment.

Will the expatriates be allowed to convert into foreign currency any excess pesos that they may have upon termination of their assignment?

Yes. Expatriates will be allowed to convert into foreign currency any excess pesos upon termination of their assignment in the Philippines, subject to compliance with certain requirements.

Is there any public offering of stocks or corporate shares in the Philippines?

Yes, stock trading is held in the Philippine Stock Exchange from Mondays to Fridays. Trading is limited to securities approved and registered with the SEC.

The address and phone numbers of the two said agencies are as follows:

DOLE National Capital Region	DOLE NCR Building 967 Maligaya Street Malate, Manila Telephone Number +63 (2) 400 6011, 303 0364
DOLE – Manila	Muralla corner Gen. Luna Streets Intramuros 1002 Manila DOLE hotline: +63 (2) 527 8000
Bureau of Immigration	Bureau of Immigration Building Magallanes Drive, Intramuros, Manila Telephone Numbers +63 (2) 523 6615, 524 3769, 527 3248

What is “Retail Trade” defined?

“Retail Trade” means any act, occupation, or calling of habitually selling direct to the general public, merchandise, commodities, or goods for consumption, subject to certain exceptions.

Can foreign investors engage in retail trade in the Philippines?

Yes. As long as requirements are met. Please email us @ nusison2@scp-ph.com , if you need some inputs on this.

What are the foreign ownership of retail enterprises requirements?

Foreign ownership of Philippine retail enterprises requires USD 2,000,000 capital requirements;

Category A – Enterprises with paid-up capital of the equivalent in Philippine Peso of Two million five hundred thousand US dollars (US\$2,500,000.00) shall be reserved exclusively for Filipino citizens and corporations wholly owned by Filipino citizens.

Category B – Enterprises with a minimum paid-up capital of the equivalent in Philippine Pesos of two million five hundred thousand US dollar (US\$2,500,000.00) but less than Seven million five hundred thousand US dollars (US\$7,500,000.00) may be wholly owned by foreigners except for the first two (2) years after the effectivity of this Act wherein foreign participation shall be limited to not more than sixty percent (60%) of total equity.

Category C – Enterprises with a paid-up capital of the equivalent in Philippine Pesos of Seven million five hundred thousand US dollars (US\$7,500,000.00), or more may be wholly owned by foreigners: Provided, however, That in no case shall the investments for establishing a store investments for establishing a store in Categories B and C be less than the equivalent in Philippine pesos of Eight hundred thirty thousand US dollars (US\$830,000.00).

Category D – Enterprises specializing in high-end or luxury products with a paid-up capital of the equivalent in Philippine Pesos of Two hundred fifty thousand US dollars (US\$250,000.00) per store may be wholly owned by foreigners.

What are other criteria to qualify as foreign retailers in the Philippines?

Foreign entity that will engage in the retail business or invest in a retail store in the Philippines:

- a) Net worth of at least two hundred million US dollars (US\$1,000,000,000) of the parent corporation, for those that want to establish enterprises under Categories B and C, and net worth of at least fifty million US dollars for Category D;
- b) Ownership of at least five retail stores or franchises anywhere in the world or at least one branch with minimum capitalization of twenty-five million US dollars; Five-year track record in retailing; and
- c) The foreign retailer's home country offers reciprocity rights to Filipino retailers

What are the possible legal entities of foreign investments?

Foreign investment may establish legal entities in the Philippines either as: a) Subsidiary, b) Branch, c) Representative Office, d) Regional Warehouse or e) Regional Headquarters.

Each form has its own requirements, characteristics and features that may work as an advantage or disadvantage

AVAILMENT OF TAX INCENTIVES:

Foreign Companies may avail of tax incentives thru registration with the Board of Investment (BOI) And Philippine Export Zone Authority (PEZA).

Board of Investment (BOI Registration)

The BOI Registration is the primary agency responsible for investment promotion in the country and offers a wide range of incentive schemes for both Filipino and foreign investors.

Qualification and Requirements

Firms can registrations with the BOI if they engage in any of the activities that are listed in the Investment Priority Plan (IPP) areas. The IPP is prepared annually. For non-pioneer industries, however, foreign ownership is limited to 40% and below unless the company can commit to export sales of at least 70% of their total sales. Other requirements include a project and feasibility report and other supporting documents.

What are the incentives of BOI registered companies or projects?

The fiscal incentives include:

- a. Income tax holiday (ITH) for 6 years for pioneer firms and generally 4 years for non-pioneer firms. Non-pioneer firms located in less developed areas can be entitled to 6 years ITH. Firms within Metro Manila are normally not granted ITH unless they are:
 - Within a government industrial estate
 - Service type projects with no manufacturing facilities
 - Power generating plants
 - Exporters with expansion projects
- b. Tax credit on raw materials, supplies, ad semi-manufactured products
- c. Additional deduction from taxable income for labor expense (cannot be enjoyed together with the ITH incentive)
- d. Duty-free importation of capital equipment, spare parts and accessories until 10 May 2017.
- e. Additional deduction from taxable income for necessary and major infrastructure works (cannot be enjoyed together with the ITH incentive)

Non-fiscal incentives include employment of foreign nationals, guaranteed repatriation of investment and earnings, importation of consigned equipment for unlimited period, subject to posting of a re-export bond.

Philippine Investment Priorities Plan (IPP)

This identifies industries entitled to government fiscal incentives such as income tax holiday, as well as non-fiscal incentives, such as assistance in employment permits and work visas for foreign staff.

What are the businesses in the IPP?

1. Preferred pioneer areas in the IPP are:

- Engages in the manufacture, processing, or production (not merely in the assembly or packaging) of goods, products, commodities, or raw materials that have not been or are not being produced in the Philippines on a commercial scale.
- Uses a design, formula, scheme, method, process, or system of production or transformation of any element, substance or raw materials into another raw material or finished goods which is new or untried in the Philippines
- Engages in agricultural, forestry and mining activities and/or services including the industrial aspect of food processing wherever appropriate, predetermined by the concerned IPPA to be feasible and highly essential to the attainment of the national goal in relation to the declared specific national food and agricultural program for self sufficiency or other social benefits of the projects
- Produces non-conventional fuels or manufactures equipment which utilizes
- Non-conventional sources of energy or uses or converts to coal or other non-conventional fuels of sources of energy in its production, manufacturing or processing operations.

Pioneer status is subject to evaluation of the BOI.

2. Preferred non-pioneer areas and exporting at least 70% of their output.

Projects in less-developed areas provided that the activities in all of the above cases are not under the Foreign Investment Negative List (FINL).

PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA Registration)

PEZA Registration

Like the BOI, the PEZA is tasked with the investment promotion, but is focused on enterprises that are engaged in export-oriented manufacturing and services, which are located in specially designated Special Economic Zone or econzones.

- **PEZA Incentives**
 - In general, enterprises located in econzones are entitled to incentives that include:
 - a. An Income Tax Holiday (ITH) of 4 years for non-pioneer projects and 6 years for pioneer projects. Extension years can also be granted provided the company meets certain criteria.
 - b. After the ITH expires, a 5% Special Tax on Gross Income and exemption from all local and national taxes is applicable
 - c. Zero VAT on local purchases and an exemption for all local government imposts, fee, licenses, or taxes.

- d. Zero taxes and duties in the importation of capital equipment, raw materials, machineries, and spare parts.
- e. An exemption on wharfage duties and export tax is applicable as well.
- f. Zero expanded withholding tax
- g. Non-Fiscal incentives such as simplified import-export procedures, employment of non-resident foreign nationals, special visas for foreign employees in certain positions, and more.

- **Qualifications and Requirements**

The main requirements that an enterprise must comply with in order to qualify for PEZA Registration are location- it must be located in a zone or a building that is a PEZA designated zone- and eligibility of activity. Eligible activities include export, manufacturing, information technology (IT), service export, tourism, medical tourism, agro-industrial export-manufacturing, and so on. The documentary requirements for registration include a project belief and feasibility study and financial outline

SPECIAL INDUSTRY: TOURISM

Tourism Act of 2009

The State declares tourism as an indispensable element of the national economy and an industry of national interest and importance, which must be harnessed as an engine of socio-economic growth and cultural affirmation to generate investment, foreign exchange and employment, and to continue to mold an enhanced sense of national pride for all the Filipinos.

What are the Incentives given under the Tourism Act of 2009?

The following are incentives available to registered tourism enterprises within the Tourism Enterprise Zones (TEZs):

Fiscal Incentives

- 6 years Income Tax Holiday
- Special 5% tax rate on gross income after the lapse of ITH
- Tax and duty exemption on imported capital equipment
- Tax and duty exemption on imported spare parts
- Tax and duty exemption on imported goods consumed out of services rendered within the TEZ
- Tax credit on locally-sourced goods for services rendered within the TEZ

Social Responsibility Incentive: tax deductions of up to 50% of the cost of environmental protection or cultural heritage preservation activities, sustainable livelihood programs for local communications, and other similar activities

Non-Fiscal Incentives

- Employment of foreign nationals (in executive, supervisory, technical or advisory positions)
- Special investors' resident visa for foreign nationals who shall have an investment of at least US\$200,000
- Right to repatriation of investments
- Right to remit earnings in the currency in which the originally made???

How much time is an investor allowed to start his project?

The amount of time allowed for starting a registered project depends on the type of the proposed project and the period set by the proponent in the feasibility study with the approval of the BOI/PEZA/IPAs. Generally, the project must be commenced within one year from approval date, but may be extended under applicable qualifying circumstances.

FINANCING

Foreign and domestic credit

Can we finance our project through foreign borrowings?

The government prefers foreign equity investments to foreign borrowings. In general, foreign borrowings require prior approval of and/or registration with the Bangko Central ng Pilipinas (BSP) (Central Bank) in order that repayment of principal and remittance of interest may be serviced using foreign exchange purchased from the Philippine banking system. Under present rules, loans that may qualify for prior BSP approval/registration are those intended to finance the following types of projects:

- a. Export-oriented projects;
- b. BOI-registered projects;
- c. Projects listed in the Investments Priorities Plan;
- d. Projects listed in the Medium-Term Public Investment Program; and
- e. Other projects that may be declared priority under the country's socio-economic development plan by the National Economic Development Authority or by Congress.

All the above loans, regardless of maturity, shall exclusively finance foreign exchange requirements of eligible projects, provided that loans of direct and indirect exporters and public sector borrowers may finance both foreign exchange costs and up to 50% of the total peso costs component of their respective projects. Foreign companies may also resort to peso borrowings only upon prior certification by the BSP Inter-Agency Committee that they meet the guidelines prescribed by the Monetary Board. Foreign loans which may have been sourced without prior BSP approval shall be reported just the same to the BSP otherwise, appropriate sanctions may be meted out.

Are we subject to certain debt-to-equity ratio requirements?

Some enterprises registered with the BOI for tax incentives are required to maintain a debt-to-equity ratio of at least 75:25 during the entire duration of their registration with the concerned government agency.

Can a foreign company borrow from a private individual or private non-financial institution?

Yes. A foreign company can borrow from a private individual or private non-financial institution.

INVESTMENT FUNDS

Foreign investments should be registered with BSP for easy repatriation of capital and remittance of dividends.

How should the investment funds remitted to the Philippines?

Amounts in excess of the equivalent of US\$10,000 are required to be declared and registered as inward remittance upon physical entry into the country. Funds remitted outside the banking system cannot be registered as foreign equity investment.

WHAT ARE THE BASIC TAXES THAT SHOULD BE COMPLIED?

Any Company – domestic or foreign are covered by taxes. The basic taxes implemented by the BIR are:

1. Income Tax
2. Fringe benefits tax
3. Value Added Tax
4. Expanded Withholding Tax
5. Withholding Tax on compensation
6. Final Tax
7. Documentary Stamp Tax

What taxes are shouldered by the Company?

Although a company is required by the BIR to comply with the basic 7 taxes, the only tax shouldered by the company 1.)*Income tax*, 2)*fringe benefits tax* and 3.)*possibly documentary stamp tax*. Other tax types are the taxes on suppliers, employees, payees, customers which are being collected for withheld in behalf of the BIR.

Value added tax (VAT) is shouldered by the customer. Expanded withholding tax is a tax on suppliers. Withholding tax on compensation is a tax on employees. Final tax is a tax on certain suppliers or payees.

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What is the income tax rate?

Income tax rates differ based on the classifications of taxpayers:

Individual taxpayers:

1. The income tax rate for individuals (sole proprietors and professionals) is based on graduated rates of 10% to 32%. The 32% applies to taxable income in excess of Php500,000. They are taxed on all income sources, whether within or outside of the Philippines.
2. Minimum wage earners (those receiving statutory minimum wage) are exempt from income tax on their salaries.
3. Resident foreign individuals (aliens) and non-resident citizens are subject to the same graduated rates but only for income derived from all sources within the Philippines. Resident aliens are those who stay in the Philippines over 180 days in a calendar year.

4. Non-resident aliens are taxed at 25% of gross income from sources within the Philippines. Non-residents are those who do not stay in the Philippines for over 180 days in a calendar year.
5. Aliens who are employed by RHQ or ROHQ of multinational corporations are subject to 15% of the gross income from such employers.
6. Net capital gain on sale of shares of stock not traded in stock exchange is subject to 5% tax on the first 100,000 and 10% tax in excess of 100,000. For listed and traded shares, the tax is ½ of 1% based on the gross selling price. For sales of shares during Initial Public Offering, the tax is 1%, 2% or 4% depending on the proportion of the shares sold.
7. Capital gains on sales of real estate properties are taxed at 6% of gross selling price or fair market value, whichever is higher.
8. The tax on passive income such as interest, dividends, prizes varies. Tax on dividends is 10% for citizens and residents, while 20% for non-residents engaged in trade or business, and 25% for non-residents not engaged in trade or business.

Intercorporate dividends are exempt from final tax.

Corporate Taxpayers

1. Income tax for domestic corporations (including subsidiaries of foreign companies) is 30% of net taxable income from worldwide sources.
2. Foreign corporations, whether or not engaged in trade or business in the Philippines is taxable only on Philippine-sourced income. A foreign corporation engaged in trade or business in the Philippines (also called resident foreign corporation) is taxed at 30% similar to a domestic corporation. On the other hand, a foreign corporation, not engaged in trade or business in the Philippines (non-resident foreign corporation) is taxed 30% based on the gross income received.
3. Profits remitted by a branch of a foreign corporation to its home office is taxed at 15% rate. However this does not apply to Philippine Branch registered with PEZA and other Freeport zones. Dividends declared by a domestic corporation to its foreign parent is taxed at 30%. However if the home country of the recipient corporation exempts the dividend from tax or allows a credit against the tax due from the non-resident foreign corporation taxes deemed to have been paid in the Philippines equivalent to 15%, the tax is reduced to 15%.
4. Tax treaties of the Philippines with other countries mostly allow 10% tax of branch profit remittances and dividends. This rate usually applies if the payor-subsiary is registered with the BOI or if the beneficial owner of the dividends is a company, which holds certain percentage of the capital of the payor subsidiary. Otherwise, the tax on dividends is 15% or 30%, whichever is applicable.
5. All corporations are subject to capital gains tax on sales of shares of stock, real estate. The tax rate is the same with individual taxpayers.
6. A minimum corporate income tax (MCIT) of 2% of gross income is applicable to all domestic and resident corporations. This is applicable on the fourth calendar year from date of registration.. This is applicable if the regular income tax of 30% is lower

than the MCIT. If the regular 30% income tax is higher, then the 30% will apply. Excess of MCIT over the regular income tax can be credited against income taxes in the next 3 years.

7. Improperly accumulated earnings tax of 10% is levied on unappropriated retained earnings in excess of paid-up capital.

Special corporations such as Barangay Micro-Business Enterprises (BMBE), special purpose asset vehicles and real estate investment trusts are subject to different tax rates. Please contact us (nusison2@scp-ph.com) if this is applicable to you.

What are the restrictions for profit remittances or repatriation of capital?

There are no restrictions in the payment of dividend and profit remittances. However, appropriate, they should be remitted to the Bureau of Internal Revenue. For the Capital to be allowed repatriation, the inward remittance should be registered with the BSP within (1) year upon receipt.

In what countries does Philippines have international tax treaties?

Philippines has tax treaties with the following countries:

- Australia
- Austria
- Bahrain
- Bangladesh
- Belgium
- Brazil
- Canada
- China
- Czech Republic
- Denmark
- Finland
- France
- Germany
- Hungary
- India
- Indonesia
- Israel
- Italy
- Japan
- Korea
- Malaysia
- Netherlands
- New Zealand
- Norway
- Pakistan
- Poland
- Romania
- Russian Federation
- Singapore
- Spain
- Sweden
- Switzerland
- Thailand
- United Kingdom
- USA
- Vietnam

What are the reportorial requirements with the SSS?

Submissions including filing and payment can be done online with some accredited banks. Some forms are filed manually.

- a. Employment Report (Form R-1A)
- b. Contributions Payment Return (Form R-5)
- c. Contribution Collection List (Form R-3)

Penalties are imposed for each non-compliance, including administrative, civil and even criminal penalties.

What are the reportorial requirements with the HDMF (Pag-ibig)?

Employers are required to file and remit the Members Contribution Remittance Form (MCRF) as proof of payment of monthly contributions.

Submissions including filing and payment can be done online with some accredited banks. Some forms are filed manually.

Penalties are imposed for each non-compliance, including administrative, civil and even criminal penalties.

What are the reportorial requirements with the PhilHealth?

Monthly Remittance Report (Form RF-1) should be submitted to Philhealth as proof of payment of monthly dues.

Submissions including filing and payment can be done online with some accredited banks.

Penalties are imposed for each non-compliance, including administrative, civil and even criminal penalties.

Royalties and technical service agreements

Can parent companies charge royalties and similar fees?

Royalties and similar fees to be charged to operations should be said fees are covered by a Technology Transfer Agreement (TTA) which conforms with the mandatory and restrictive provisions of the Intellectual Property Code (IPC).

TTA Non- Conformity with the IPC is unenforceable.

Are royalties and similar fees taxable in the Philippines?

Royalties and similar fees are generally subject to 20% gross income tax and 12% value added tax. However, the tax rates may vary for the royalties payable to residents of foreign countries with which the Philippines has a tax treaty vary.

How costs incurred abroad reimbursed by local company abroad?

Reimbursements of cost incurred abroad are allowed provided they are duly supported by documents. The costs should be incurred in connection with the regular course of trade or business of the local paying company. It includes office, advertising, communication and among others.

What does “Technology Transfer Arrangements” mean?

“Technology transfer arrangements” are contracts or agreements involving the following

- 1) Transfer of systematic knowledge for the manufacture of a product or the application of a process
- 2) Rendering of a service, including management contracts;
- 3) 3) The transfer, assignment, or licensing of all forms of intellectual property rights, including licensing of computer software, except computer software developed for mass market.

How many directors and must be Filipino citizens and/or residents are required?

The majority of the directors must be residents of the Philippines. Also the corporate secretary must be a resident citizen. Although not required by law, the SEC as a matter of policy also requires the treasurer to be a resident of the Philippines.

Considerations

Could you give some basic guidelines on living/business expense?

a. Salary rates for office/administrative staff?

Department	Job Level			
	Rank and File	Officer/ Specialist	Manager	Head / Top / Executive
Information Technology	17,827.53	32,380.89	70,038.47	122,159.48
Human Resource	18,215.30	30,038.24	59,474.21	139,133.36
Finance/ Accounting	20,103.93	29,304.73	67,029.63	176,825.70
Sales	21,426.33	26,875.43	66,093	185,097.56
Marketing	17,170.65	28,736.55	65,944.91	134,887.35
Production / Operation	18,878.57	28,920.80	57,300.99	158,257.14

All figures are in Philippine pesos.

Source: 2013 Compensation Survey, People Management Association of the Philippines

Mail service	Post office box facilities are available at a PHP5 storage fee per day with PHP80 key charge and PHP175 postal I.D. fee. Door to door mail delivery service is also available at variable rates.
Telegraph, telex, telecopier, telefax, telephone services (via landline, mobile, or Internet)	Many message-transmitting companies operate in the Philippines. Monthly billing for landline telephone vary from a low of about US\$18 (residential) to a high of US\$30 (business) plus 12% VAT for both lines. Internet subscription rates vary from PHP500 to PHP100,000 depending on the type of plans - monthly/quarterly, semi-annual/annual, and the number of hours to be used by the company.

b. Rentals for office space in Makati?

Based on the 1st quarter comparative office rental rates for 2012, the monthly rental of office spaces in Makati ranges from PHP720 to PHP900 per square meter for Premium facilities, PHP430 to PHP830 per square meter for Grade A facilities, and PHP400 to PHP455 per square meter for Grade B facilities.

c. Rentals for housing of expatriate executives?

Lodging Houses/Pension Houses and Motels	US\$5 to US\$25 per day
Hotel	US\$40 to US\$250 per day
Apartments/Condominiums	Monthly rental for a one-bedroom furnished apartment/condominium specially in the Makati area varies from PHP50,000 to PHP80,000 per month, while a two/three/four bedroom apartment/house will cost about PHP70,000 to PHP500,000 per month.
Houses in villages: The main residential areas in Metro Manila where foreigners may look for houses are in Makati - Forbes Park, San Lorenzo, Urdaneta, Bel-air, San Miguel, Dasmariñas; in Ortigas - Greenhills, Valle Verde, Corinthian; and in Ayala Alabang.	The monthly rentals for the houses in these villages range from PHP150,000 to PHP500,000. Modern houses with spacious lawns and swimming pools will fall under the higher rental range. A deposit is generally required and may range from the equivalent of six months to two years rental. Payment of association fees may be required depending on the village.

d. Cost of acquiring and maintaining automobiles?

Cost of new automobiles ranges from a low of about Php 600,000 (for subcompact cars) to a high of Php 500,000 for luxury cars. The Philippines has recently deregulated the oil industry such that gasoline stations may set their own prices. The prices of gasoline per liter vary on a daily basis but current indicative prices (as of June 2015) are approximately Php 40.10 to Php 49.35 for gasoline, Php 28.80 to Php 34.65 for diesel Php 41.45 to P46.77 for E10 and Php 27.08 to Php 30.50 for Auto LPG.

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Pasig City 1605

Contact Number: (+632) 687-66-49

Email Address: scp@scp-ph.com

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